

Washington State Auditor's Office
Accountability Audit Report

King County Water District No. 111

Audit Period
January 1, 2003 through December 31, 2003

Report No. 67619

Issue Date
December 10, 2004



Washington
State Auditor
Brian Sonntag

Audit Summary

King County Water District No. 111 January 1, 2003 through December 31, 2003

ABOUT THE AUDIT

This report contains the results of our independent accountability audit of King County Water District No. 111 for the period January 1, 2003, through December 31, 2003.

We performed audit procedures to determine whether the District complied with state laws and regulations and its own policies and procedures. Our work focused on specific areas that have potential for abuse and misuse of public resources.

RESULTS

In the areas examined, the District complied with state laws and regulations and its own policies and procedures.

RELATED REPORTS

Our opinion on the District's financial statements is provided in a separate report, which includes the District's financial statements.

CLOSING REMARKS

We appreciate the District's resolution of prior audit issues, its commitment to ensuring compliance with state and local requirements, and its prompt response to a minor issue we identified during the current audit. We thank District officials and personnel for their assistance and cooperation during the audit.

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Description of the District

King County Water District No. 111 January 1, 2003 through December 31, 2003

ABOUT THE DISTRICT

King County Water District No. 111 provides water to about 5,000 connections in its service area, which covers the primarily incorporated areas surrounding Lake Meridian east of the City of Kent.

The District supplies approximately half of its water needs from its own wells, and blends this with water purchased from the City of Auburn, while continuing to develop its own wells.

The District has 10 full-time employees and an operating budget of approximately \$2.3 million.

An elected, three-member Board of Commissioners has oversight responsibility for the District. The Board appoints a General Manager to oversee daily operations, approves the operating budget, and reviews all District expenses.

AUDIT HISTORY

We audit the District annually. Since 1993, the District's audit reports have contained no findings.

During our audits, we typically make recommendations on ways to improve and strengthen internal controls. Management has demonstrated a commitment to maintain adequate internal controls.

ELECTED OFFICIALS

These officials served during the audit period:

Board of Commissioners:

Gary Cline
Charles Wilson
Patrick Hanis

APPOINTED OFFICIALS

General Manager

Tom Dozal (through June 2003)
Larry Bradbury (July 2003 to December 2003)
Chris Hall (as of December 2003)
Jayne Van Vleck
John Milne of Inslee, Best, Doezie & Ryder, P.S.

Comptroller
Legal Counsel

ADDRESS

District

27224 144th Avenue, Southeast
Kent, WA 98042
(253) 631-3770

Audit Areas Examined

King County Water District No. 111 January 1, 2003 through December 31, 2003

In keeping with general auditing practices, we do not examine every portion of King County Water District No. 111's financial activities during each audit. The areas examined were those representing the highest risk of noncompliance, misappropriation or misuse. Other areas are audited on a rotating basis over the course of several years. The following areas of the District were examined during this audit period:

ACCOUNTABILITY FOR PUBLIC RESOURCES

We evaluated the District's accountability in the following areas:

- Petty cash, change and revolving accounts
- Utility receipting and revenues
- Payroll
- Purchase of goods and services
- Financial statement preparation and journal entries

LEGAL COMPLIANCE

We audited the following areas for compliance with certain applicable state and local laws and regulations:

- Deposit and investment of public funds
- Use of restricted funds
- Risk management
- Ethics/conflict of interest laws
- Open Public Meetings Act
- Allowable expenditures
- Competitive bid law compliance
- Public works contracts

FINANCIAL AREAS

Our opinion on the District's financial statements is provided in a separate report. That report includes the District's financial statements and other required financial information. We examined the financial activity and balances of the District including:

- Cash and Investments
- Capital assets
- Long-term debt
- Revenues
- Expenses
- Overall presentation of the financial statements